

CHAPTER 1.

DEFINITIONS

1.1 Key Terms. Unless the context clearly indicates otherwise, the following words as used in this manual will have the following meanings:

County Appraiser's Office - The Chief Appraiser sets the property tax rate. Copies of the Vehicle Inventory Tax (VIT) statements and declarations are filed here.

County Tax Office - The Tax Assessor-Collector's (TAC) office in the county in which a dealership is located. This is where documents are submitted for title transfer. Vehicle Inventory Tax statements and Declarations are also filed with these offices.

Curbstoning - The act of selling vehicles somewhere other than licensed premises. Unlicensed dealers commonly use vacant store parking lots and other curbsides to place vehicles for sale. These are people who pose as individuals trying to sell vehicles when in fact they are in the business. Licensed dealers are also known to try to sell their less than desirable inventory away from their licensed premises.

DBA (Doing Business As) – The business name used, which may or may not be the same as the name of the legal entity that owns the dealership (e.g. Auto Imports, Inc. DBA AI Cars). The DBA is also known as the "assumed name."

Franchised Dealer - A person who has a contract (franchise agreement) with a manufacturer or distributor to sell a particular line-make of new motor vehicles.

GDN (General Distinguishing Number) - The dealer's license number, commonly called the "P" number or "GDN", issued by the Motor Vehicle Division is required of all dealers.

Independent Dealer - A person who is not a franchised dealer and holds an independent motor vehicle dealer's general distinguishing number, allowing him or her to sell used motor vehicles. See also "Wholesale Dealer."

Line-make - Line-make is not legally defined but generally refers to the various name plates or "badges" under which vehicles are marketed such as "Buick" or "Nissan." Current cases may give a legal definition to "line-make" in the next few years.

MCO (Manufacturer's Certificate of Origin) – This is the birth certificate for a motor vehicle. Manufacturers issue the MCOs to their franchised dealers for vehicles bought from the factory. The MCO is turned in at the first retail sale for a title. These are also called MSOs.

MFR (Motion for Rehearing) - This is a request for the final decision maker to reconsider their decision. Once a case has been subject to a final order, a MFR must be filed before the litigant can appeal the case to the District Court.

MSO (Manufacturer's Statement of Origin) – See “MCO.” This is the same thing.

MVD (Motor Vehicle Division) - A division within the Department of Motor Vehicles tasked with the regulation of the distribution and sale of motor vehicles within the state of Texas. This division also provides dealers and manufacturers with their metal plates.

New Motor Vehicle - A new motor vehicle is one that has not been subject to a retail sale to a consumer, regardless of its mileage. Payment of sales tax when purchasing a new motor vehicle does not make the vehicle a used motor vehicle. If the buyer intends to resell the vehicle for profit it is not a retail sale.

Non-franchised Dealer - See Independent dealer.

Occupations Code - As of June 1, 2003, the Texas Motor Vehicle Commission Code was codified under Chapter 2301 of the Occupations Code. The Occupations Code can be found at <http://www.statutes.legis.state.tx.us> under Occupations Code, Title 14, Chapter 2301.

OEM – Original Equipment Manufacturer.

Person - A natural person, partnership, corporation, association, trust, estate or any other legal entity.

PFD (Proposal for Decision) - The opinion written by the Administrative Law Judge after hearing on a docketed case. The PFD outlines the facts of the case as presented in the hearing and documents the evidence presented and recommends an outcome. The PFD is presented to the Board for a final decision.

Public Auctions – These are licensed GDN dealers who sell by way of an auction on their licensed premises. Some public auctions sell only the dealership's own inventory. Others sell vehicles taken on consignment from other dealers and individuals.

SOAH (State Office of Administrative Hearings) - The agency that provides Administrative Law Judges that hear the cases of MVD and render Proposals for Decisions.

SPV (Standard Presumptive Value) - Effective October 1, 2006, Texas law changes how to calculate motor vehicle tax on private-party purchases of used motor vehicles. Dealers may be requested to provide a certified appraisal for a buyer on a private purchase to prove a value lower than the SPV.

TAC (Tax Assessor-Collector) - The local tax office that is responsible for accepting and issuing receipts for title transfers.

Texas Motor Vehicle Commission – The original agency that regulated franchised dealers and manufacturers. The Commission became the **Texas Motor Vehicle Board** when the agency was folded into the Texas Department of Transportation in 1991. The Texas Motor Vehicle Board was dissolved by law on June 14, 2005. All functions of the Board were transferred to the MVD Division Director except the rulemaking authority which was vested in the Texas Transportation Commission. This has changed with the establishment of the Texas Department of Motor Vehicles in 2009.

Texas Department of Motor Vehicles - The new agency created by the 81st legislature in 2009. This new agency is composed of 4 divisions from the Department of Transportation, Motor Vehicle Division, Motor Carrier Division, Vehicle Titles and Registration Division, and the Automobile Burglary and Theft Prevention Division and is governed by a nine-member board appointed by the Governor.

Texas Department of Motor Vehicles Board – Composed of nine members, this board is required to have three dealers, two of which must be of different types and one of which is an independent dealer. A tax-assessor collector, a member of a municipal or county law enforcement entity, a manufacturer or distributor representative, a motor carrier industry representative and two lay persons. This board sets policy and is the final arbiter of cases brought before the agency.

Texas Motor Vehicle Commission Code - (TMVCC) The original law that regulated franchised dealers, but now covers both franchised and non-franchised entities. As of June 1, 2003, this code became the Texas Occupations Code, Title 14, Chapter 2301.

Used Motor Vehicle - A vehicle that has been sold to a retail customer for purposes other than resale and for which the dealer is required to apply for a certificate of title for that customer.

VIN (Vehicle Identification Number) - A number assigned exclusively to a particular vehicle by the manufacturer that contains information about the vehicle's manufacturer.

Vehicle Inventory Tax (VIT) - A property tax that dealers pay on their business inventory. This is NOT a tax that is required to be paid by the consumer.

Vehicle Titles and Registration Division (VTR) - Another division of the Texas Department of Motor Vehicles that is responsible for issuing and maintaining records of titles and registration. Providing the license plates and special plates for vehicle registration is a function of this division. This division is also responsible for licensing salvage dealers and salvage lots and auctions.

Wholesale Dealer - A person who holds a GDN issued by the Texas Department of Motor Vehicles and but is not allowed to sell to retail customers.

Wholesale Motor Vehicle Auction – An entity that offers motor vehicles for sale to the highest bidder during a transaction that is one of a series of regular periodic transactions that occur at a permanent licensed location. The wholesale motor vehicle auction is open only to licensed dealers.